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June Statistics Show Strong Economy

Gains Concentrated in Construction and Services

The good news on the economy continued to roll in for both the nation and the state. Nationally, the rise in inflation-adjusted gross national product in the first half of the year exceeded all expectations and clearly showed the current economic expansion to be the strongest since the years immediately after World War II.

The widely touted slowing in growth was almost imperceptible among the June figures, as a strong advance in retail sales was fueled by large gains in employment and income.

In Pennsylvania, the good news was led by a large increase in total resident employment. The seasonally adjusted number of employed Pennsylvanians broke the five million mark and was higher in only one month — March 1981.

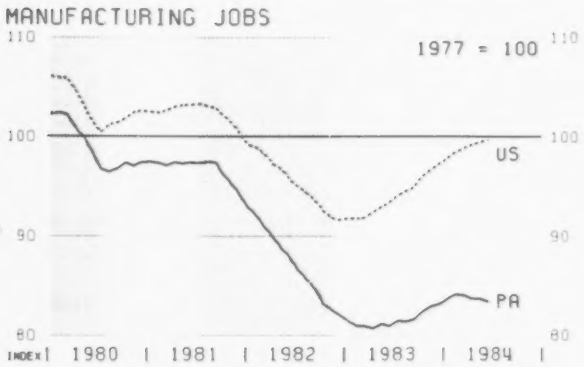
However, the good news was not spread evenly across all industries in the state. Most service-producing industry groups registered record-setting employment levels in June. The construction industry also fared well with gains in employment and the value of awards for future construction at one of the highest levels ever recorded.

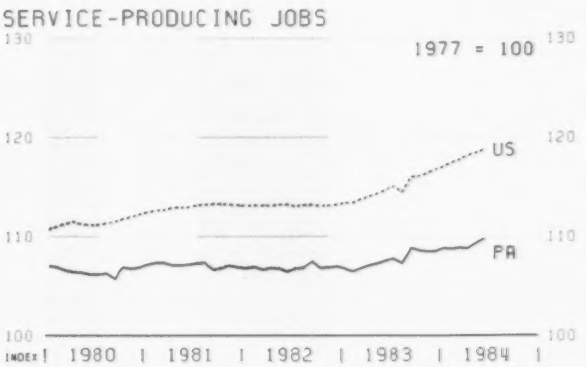
On the other hand, manufacturing and mining industries experienced less than seasonal gains in employment and production, and measures remained well below previous highs.

Both the number of employed Pennsylvanians and those unemployed state residents seeking work increased in June as the civilian labor force swelled almost 4 percent above May's level. The work force typically rises in June as students and graduates enter the labor market. But this year's increase was almost double the expected rise.

As a result, the seasonally adjusted unemployment rate dropped to 8.6 percent from 9.1 percent in May, for a total decrease of 4.6 percentage points from the recession high in January 1983.

Nationally, unemployment was 7.1 percent of the civilian labor force in June after seasonal adjustment. The U.S. rate was down from 7.5 percent in May and a





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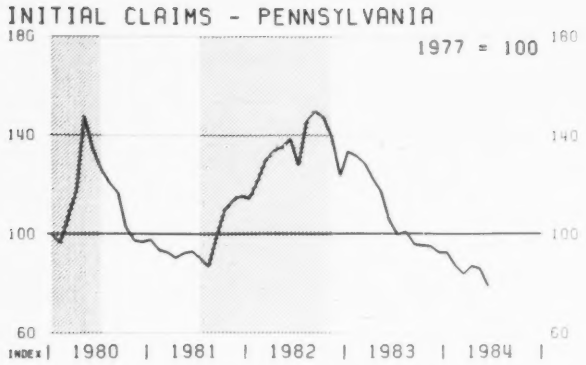

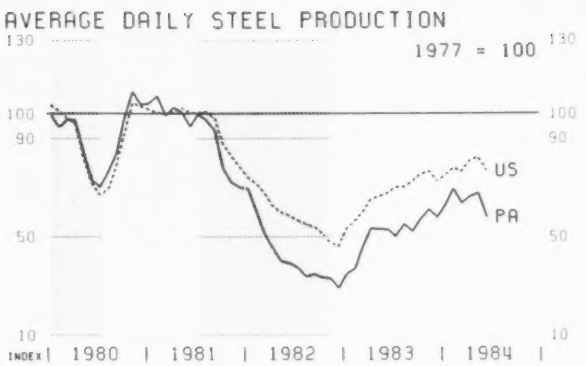

recession high of 10.7 percent in late 1982.

The spurt in new claims for unemployment compensation that typically occurs in June as schools close for the season was smaller than expected. Consequently, the seasonally adjusted level of initial claims was 8.3 percent lower than a month earlier, bringing it to its lowest level since September 1978.

Employment gains were widespread among the service-producing industries. Only the transportation industry group and state and local government experienced declines in their job levels. More than seasonal employment increases were seen in public utilities; finance, insurance and real estate; wholesale and retail trade; services; and the federal government.

Economic Activity in Pennsylvania	1984 May	1984 June	1983 June	Seasonally Adjusted Indexes 1984 May	1984 June	1983 June
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,639.*	4,675.	4,567.	100.9	101.0	98.7
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,510.*	3,535.	3,464.	108.0	108.3	106.1
Manufacturing						
No. of wage and salaried jobs (thous.)	1,124.	1,132.	1,099.	83.6	83.4	81.0
Ave. wkly. hrs. worked by prod. workers	40.2*	40.3	39.6	101.8*	101.5	99.7
Total wkly. person-hours worked (mils.)	31.3*	31.6	29.6	81.3*	80.8	75.9
Total wkly. payroll (mil. dols.)	290.9*	294.5	263.4	129.6*	129.3	115.8
Steel production (thous. tons)	1,581.	1,236.	1,132.	68.	58.	53.
Industrial electric power sales (mil. kwh)	3,659.	3,692.	3,440.	102.	99.	92.
Mining						
Anthracite coal (thous. net tons)	401.	370.	332.	86.	77.	68.
Bituminous coal (thous. net tons)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Construction contracts awarded (mil. dols.)						
Total	607.0	805.1	528.0*	171.	211.	135.
Residential building	309.3	293.9	271.3*	177.	186.	161.
Other building	179.4	260.1	166.3*	199.	218.	132.
Nonbuilding (utilities and public works)	118.4	251.2	90.5*	116.	250.	91.
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,956.	5,122.	4,901.	103.9	106.1	101.5
Unemployed						
No. of persons (thous.)	473.	518.	723.	114.7	117.3	168.6
Rate (percentage of labor force)	8.7	9.2	12.9			
Rate, seasonally adjusted	9.1	8.6	12.3			
Civilian labor force, no. of persons (thous.)	5,429.	5,640.	5,624.	104.7	107.0	106.7
Initial claims for unemployment benefits	105,454.	108,249.	147,314.	86.0	78.9	105.4

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 May	1984 June	1983 June	Percentage Change Month Ago	Year Ago
U.S. city average	309.7	310.7	298.1	+0.3	+4.2
Philadelphia	298.7	300.0	286.1	+0.4	+4.9
Pittsburgh	n.a.	319.7	305.4	n.a.	+4.7
Northeast PA	294.7	n.a.	271.7†	n.a.	+4.6

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for May 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
November 1983	102.6	89.2	+0.3	+0.7
December	103.0	89.2	+0.4	0.0
January 1984	103.0	89.4	0.0	+0.2
February	104.2	89.5	+1.2	+0.1
March	103.9	89.1	−0.3	−0.4
April	103.9	89.3	0.0	+0.2
May	104.6	89.7	+0.7	+0.4
June	104.3	90.6	−0.3	+1.0

Furthermore, all of these industry groups, except for wholesale trade and the federal government, employed record numbers of workers in June.

A more than seasonal increase in employment in the state's construction industry also took place in June. The seasonally adjusted 1.7 percent rise brought the job level in this industry group 5.4 percent above the low in May 1983, but it remained 16.4 percent below the 1979 average.

The strong gains in the value of contract construction awards in June suggest further increases in construction employment in the months to follow. June registered large increases in nonresidential building and nonbuilding awards while residential building awards edged up to their highest level ever after seasonal adjustment.

Construction awards for nonbuilding structures nearly doubled in value in the first half of this year from their level in the same period last year.

Building awards were also up substantially from a year ago. The value of nonresidential building awards in the first six months of 1984 was 58 percent ahead of the six-month value in 1983 while residential building awards were up 26 percent from their 1983 six-month total.

Increases in employment, hours worked by production workers, and weekly payrolls in the state's manufacturing industries were all short of the usual seasonal gains for June.

The seasonally adjusted job level in nondurable goods factories has been declining since last February; an average of 2,500 jobs a month have been lost in the last four months. During this same time period, employment in durable goods factories has been flat.

Nevertheless, the state's factories are poised for employment gains in the following months. The average length of the factory workweek at 40.3 hours in June remained at a historically high level. Therefore, to increase production much further, factory employers must increase employment.

June brought a decline in steel production. The state's 14.3 percent drop in the average daily production of steel outshadowed the nation's 6.6 percent fall, as demand for the state's steel products — primarily large structural steel — continued to lag. Pennsylvania's share of total national production declined to 15.6 percent in June from 17.2 percent in May.

The decline in steel production kept industrial electric power sales in the state from rising the usual seasonal amount. The seasonally adjusted level of sales fell 2.7 percent.

The trend in electric power sales remained upward, reflecting continuing increases in overall industrial production. But the pace of increase slowed significantly. During the first half of 1983, power sales rose 10 percent; during the second half, they rose 5.9 percent; and during the first half of 1984, they grew only 2.3 percent. The seasonally adjusted level of sales remained 7.3 percent below their 1979 average.

Growth in the state's mining industry group has been stagnant since the beginning of the year. Employment in these industries was unchanged in June from a month earlier. Furthermore, production of anthracite coal has fluctuated around 400,000 net tons since the fourth quarter of last year. In June, the seasonally adjusted level of anthracite coal mined fell almost 10 percent from May's level.

May and June's figures for the production of bituminous coal in the state were not available at this writing.

The growth in total resident employment in June brought the Pennsylvania index of coincidental indicators up by almost a whole percentage point — its largest increase in eight months. However, the leading index continued to indicate a moderation in growth as it declined 0.3 percent.

While indicators suggest the economy expanded at a substantial rate in June, they also show that the growth has done little to provoke inflation. Producer prices were unchanged in June for the third consecutive month, and two other measures of price increases — the consumer price index and the GNP deflator — rose only modestly in the second quarter.

The favorable inflation performance has been attributed to the dollar's strength. The dollar has risen sharply against other major currencies in recent months, reducing the prices of many imported items. Thus to compete with imports, U.S. companies have been forced to hold down prices and cut costs.

The restraint in inflation was evident in Pennsylvania. Consumer price indexes for three major cities in the state all showed over-the-year increases just under 5 percent, only slightly higher than the 4.2 percent rise in the U.S. city average. — *Norma I. Gavin*

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Around the State

Southeastern Quarter

Harrisburg

The economic expansion in the Harrisburg area continued unabated in the second quarter of the year. The seasonally adjusted number of area residents employed last quarter rose to a new all-time high as the seasonally adjusted unemployment rate fell to 5.4 percent of the civilian labor force.

The area economy more than absorbed the 2.9 percent increase in the civilian labor force during the April-June quarter. Furthermore, the number of labor force participants without jobs was at its lowest level in four years.

But employment gains in Harrisburg are moderating. The seasonally adjusted number of jobs in nonmanufacturing industries was unchanged in the second quarter from first quarter's record high.

In addition, the seasonally adjusted job level in the area's manufacturing industries rose 0.5 percent in the second quarter. This was the smallest quarterly increase in over a year.

The average length of the factory workweek declined a half hour to an average 40.4 hours last quarter, relieving some of the pressure on employers to further increase employment. Last quarter's decline was the first in this measure since the first quarter of 1983.

Sales of electric power to area industries remained more than 13 percent below the level prevailing in 1979. However, they climbed another seasonally adjusted 1.1 percent last quarter and were at their highest level since the first quarter of 1982.

The value of residential building contracts awarded in the Harrisburg area rose sharply in the second quarter, and the percentage increase in the cumulative value of these awards in the first half of the year was the largest among the state's metropolitan areas.

Nonresidential building contracts awarded in the first half of the year were almost double the value of contracts awarded last year but declined in the second quarter from the first-quarter level.

Lancaster

The Lancaster area economy continued to have the lowest unemployment rate among the 14 major metropolitan areas in Pennsylvania. But the steep drop in the number of labor force participants without jobs, which began in January 1983, was arrested last quarter.

The seasonally adjusted unemployment rate stood at 4.8 percent in the second quarter — up 0.1 of a percentage point from a quarter earlier but down 3.4 percentage points from the quarterly high in the first three months of 1983.

Total resident employment in Lancaster was at its highest seasonally adjusted level last quarter, rising 5.2 percent from the same quarter a year ago.

The seasonally adjusted job level in the area's nonmanufacturing industries fell back 2 percent from first-quarter's all-time high while the factory job level rose for the fifth consecutive quarter. However, the 0.5 percent increase in the seasonally adjusted factory job level was the smallest quarterly increase in a year.

Furthermore, production workers in the area's factories were working shorter workweeks in the second quarter. Therefore, the need to increase employment levels was not as critical as in the preceding two quarters.

The level of industrial electric power sales, which rose to a new record high for the fifth consecutive quarter, coupled with the record high employment levels, suggests that industrial activity in the area was more brisk than in any previous quarter. The seasonally adjusted level of sales in the second quarter was 18.5 percent higher than the level prevailing in 1979.

Harrisburg Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '84	2 Q '84	1 Q '84	2 Q '83
Employment *(in thousands)*				
Employed, no. of residents	229.9	115.	113.	109.
Unemployed, no. of residents	12.8	109.	112.	148.
Rate, seasonally adjusted	5.4			
Civilian labor force, no. of residents	242.7	115.	113.	111.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	229.6	110.	110.	107.
Nonmfg. only, no. of jobs	187.4	111.	111.	109.
Mfg. only, no. of jobs	42.2	106.	105.	98.
Hrs. worked by production workers in mfg., *ave. weekly*	40.4	102.	104.	100.
Industrial electric power sales	***	94.	93.	90.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q '84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	40.4	+80.	+50.
Nonresidential contracts only	28.5	−21.	+ 0.

[1]Cumberland, Dauphin, and Perry Counties

Lancaster Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '84	2 Q '84	1 Q '84	2 Q '83
Employment *(in thousands)*				
Employed, no. of residents	180.1	114.	114.	109.
Unemployed, no. of residents	9.0	110.	108.	160.
Rate, seasonally adjusted	4.8			
Civilian labor force, no. of residents	189.1	114.	113.	111.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	157.2	110.	111.	107.
Nonmfg. only, no. of jobs	99.8	116.	119.	114.
Mfg. only, no. of jobs	57.4	101.	100.	96.
Hrs. worked by production workers in mfg., *ave. weekly*	39.7	100.	102.	98.
Industrial electric power sales	***	122.	120.	108.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q '84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	48.3	+83.	+24.
Nonresidential contracts only	4.9	−40.	+17.

[1]Lancaster County

Lancaster's residential construction industry remained strong in the second quarter. The value of construction contracts awarded for residential buildings in the first six months of the year was almost 50 percent ahead of the six-month total a year earlier.

Nonresidential building construction fell back in the second quarter, although the first-half total was 28 percent higher than the value of these awards in the same period a year earlier.

Philadelphia

The nonmanufacturing sector continued to expand its dominance of the Philadelphia area economy in the second quarter of 1984. The seasonally adjusted employment level in these industries rose for the tenth consecutive quarter and reached a new high for the eighth quarter in a row.

The area's industry mix is more comparable to that of the nation than the state. Nonmanufacturing industries accounted for 79.9 percent of all nonfarm industry jobs in the Philadelphia metropolitan area last quarter, compared to 79.1 percent in the nation and 75.6 percent in the state.

The nonmanufacturing sector's influence has made more headway in Philadelphia than in the nation, taking over a 3.5 percent share of the work force from the manufacturing sector since 1979 compared to a national gain of 2.5 percent.

However, the greater relative shift of Philadelphia's work force to the nonmanufacturing sector is coupled with a smaller increase in total employment. While all nonfarm industry jobs have grown 2.2 percent in Philadelphia since 1979, they expanded 4.3 percent in the nation.

The difference is due in part to a smaller percentage increase in nonmanufacturing jobs, but mostly to a relatively greater contraction in Philadelphia's manufacturing sector. The seasonally adjusted factory job level in Philadelphia leveled off last quarter at 13.2 percent below its 1979 average. The nation was short by a smaller 7 percent.

Hours worked by production workers in the area's factories rose another 0.2 of an hour in the second quarter, marking the fifth consecutive gain after seasonal adjustment and better positioning the economy for future increases in factory employment.

Industrial electric power sales fell back a slight seasonally adjusted 0.4 percent in the second quarter but had regained much of the losses from the 1980 and 1981-82 recessions. The seasonally adjusted level of sales stood only 3.2 percent below the 1979 average.

Building contracts awarded in the Philadelphia area were up substantially in the second quarter. The value of residential building awards rose 73 percent from the first quarter and 26 percent from the same quarter a year ago. At the same time, nonresidential building awards were ahead 31 percent from the previous quarter and 77 percent from the second-quarter level last year.

Overall unemployment in the area fell to 6.7 percent of the civilian labor force while total resident employment climbed to a new seasonally adjusted high of more than 2.12 million workers.

Reading

By the end of the second quarter, more residents of the Reading metropolitan area were employed than ever before. The number of labor force participants and the job level in nonmanufacturing industries also registered record highs.

Total resident employment rose a seasonally adjusted 2.5 percent from the first quarter and 7.6 percent from the second quarter of 1983. These were the largest percentage gains in this measure among Pennsylvania's 14 major metropolitan areas.

Philadelphia Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q.'84	2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	2,107.2	112.	110.	107.
Unemployed, no. of residents	152.6	85.	86.	109.
Rate, seasonally adjusted	6.7			
Civilian labor force, no. of residents	2,259.8	110.	108.	107.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	1,970.6	107.	107.	105.
Nonmfg. only, no. of jobs	1,574.5	114.	113.	111.
Mfg. only, no. of jobs	394.3	88.	88.	86.
Hrs. worked by production workers in mfg., *ave. weekly*	39.9	100.	100.	99.
Industrial electric power sales				
Metropolitan area	***	100.	100.	96.
Chester	***	92.	90.	94.
Philadelphia	***	101.	100.	97.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	316.7	+73.	+26.
Nonresidential contracts only	294.4	+31.	+77.

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q.'84	2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	151.1	113.	110.	105.
Unemployed, no. of residents	12.2	127.	120.	189.
Rate, seasonally adjusted	7.0			
Civilian labor force, no. of residents	163.4	113.	110.	110.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	141.8	108.	107.	102.
Nonmfg. only, no. of jobs	89.8	110.	109.	106.
Mfg. only, no. of jobs	52.0	103.	103.	96.
Hrs. worked by production workers in mfg., *ave. weekly*	40.7	104.	106.	102.
Industrial electric power sales	***	121.	130.	109.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	27.3	+200.	+39.
Nonresidential contracts only	22.9	+160.	+36.

[1] Berks County

Employment gains were concentrated in nonmanufacturing industries. The seasonally adjusted job level in these industries registered a new record high for the fourth quarter in a row.

The number of unemployed area residents looking for work also rose last quarter after seasonal adjustment as the civilian labor force swelled to an all-time high. The seasonally adjusted unemployment rate rose 0.1 of a percentage point to 7 percent, stemming the steep decline which began from a high of 12 percent in the first quarter of 1983.

The leveling off of unemployment suggests a slowing in the pace of Reading's economic expansion, which was borne out by other economic indicators. The seasonally adjusted manufacturing job level in Reading was unchanged in the second quarter after rising for four consecutive quarters.

Furthermore, average weekly hours worked by production workers in area factories were down from the previous quarter. The average length of the factory workweek declined to 40.7 hours from 41 hours in the first quarter.

Sales of electricity to industrial users rose less than the usual seasonal amount. Consequently, the seasonally adjusted level of sales declined 6.4 percent. The drop was the first in this measure since the third quarter of 1982.

However, there was no slowing in growth for the area's construction industry. The value of residential building awards in the second quarter was three times the value in the first quarter, and nonresidential building awards were more than two and a half times their first-quarter level.

York

The York metropolitan area economy continued to firm up in the second quarter. Total resident employment rose more than the labor force and therefore cut further into the ranks of the unemployed.

York Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q.'84	2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	165.3	112.	110.	107.
Unemployed, no. of residents	14.8	148.	156.	214.
Rate, seasonally adjusted	8.1			
Civilian labor force, no. of residents	180.1	114.	113.	114.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	153.2	107.	107.	104.
Nonmfg. only, no. of jobs	94.8	114.	114.	112.
Mfg. only, no. of jobs	58.2	98.	98.	94.
Hrs. worked by production workers in mfg., *ave. weekly*	41.6	101.	102.	99.
Industrial electric power sales	***	103.	100.	92.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	32.7	+92.	+ 36.
Nonresidential contracts only	12.4	+39.	+110.

[1]Adams and York Counties

The seasonally adjusted unemployment rate dropped to 8.1 percent of the civilian labor force from an 8.6 percent level in the previous quarter and 11.8 percent a year earlier. The jobless rate was at its lowest and total resident employment was at its highest seasonally adjusted level since the third quarter of 1981.

Job levels in both the manufacturing and nonmanufacturing sectors in York rose in the second quarter, but the small size of the gains suggested a slowing in employment growth. Last quarter employment in nonmanufacturing industries was at an all-time high while factory employment was at a level almost 12 percent below where it stood in 1979.

The average length of the factory workweek fell after seasonal adjustment, but it remained at a relatively high level.

Industrial electric power sales, which reflect short-run changes in industrial production, more than regained first-quarter's loss. The seasonally adjusted level of sales rose 2.8 percent in the second quarter to its highest level since the fourth quarter of 1981.

York's construction industry remained strong, with advances in the values of contracts awarded for both residential and nonresidential buildings. Residential building awards were 92 percent ahead of first quarter's level and 36 percent ahead of the level in the second quarter a year earlier. Nonresidet tial building awards rose 39 percent from the first quarter and more than doubled from a year ago.

Northeastern Quarter

Lehigh Valley

The heavy manufacturing base of Lehigh Valley continued to lose its stronghold on the area's economy to nonmanufacturing enterprises.

The seasonally adjusted manufacturing job level in the area fell 0.6 percent in the second quarter from the first quarter while the number of nonmanufacturing jobs rose 0.2 percent, registering a new all-time high for the fourth quarter in a row. The nonmanufacturing sector, which accounted for 58.3 percent of Lehigh Valley's nonfarm industry jobs in 1979, employed 6[illegible].7 percent of the workers in these industries last quarter.

While the area's manufacturing sector is losing some of its influence on the local economy, it is recovering from the recession. The seasonally adjusted factory job level has increased almost 3 percent from the low in the second quarter of last year. Furthermore, the average length of the factory workweek at its highest level ever suggests factory employers are poised for further employment increases in the following months.

Last quarter, the seasonally adjusted level of total resident employment in the Allentown-Bethlehem-Easton metropolitan area rose above the level at which it was stalled during the previous three quarters. The 1.4

percent increase in total employment was accompanied by a 7.1 percent rise in the seasonally adjusted number of unemployed residents.

As a result, the seasonally adjusted unemployment rate rose to 8.7 percent in the second quarter from 8.2 percent in the first quarter, but was down almost 4 percentage points from the second quarter of 1983.

Industrial electric power sales failed to increase more than the usual seasonal amount for the second quarter in a row. Last quarter's 1.1 percent decline in the seasonally adjusted level of sales follows a 2.3 percent decline in the first quarter.

After adjustment for inflation, the value of residential building contracts awarded in the first six months of the year was no greater than the value of awards in the same period last year. But nonresidential building awards in the area were almost 40 percent above last year's six-month total.

Northeast

The road back to recovery for the Northeast metropolitan area economy is proving to be slow and painful.

Employment in the area's manufacturing sector remains well below pre-recession levels. Last quarter's less than seasonal rise in the factory job level only made the situation appear worse. However, the 4.9 percent over-the-year gain in factory jobs attests to the progress being made in this sector.

In addition, the average length of the factory workweek was at its highest level ever after seasonal adjustment, putting pressure on factory employers to increase the work force in the following months for further increases in production.

On the other hand, employment in the area's nonmanufacturing sector has been flat for some time. The seasonally adjusted level of nonmanufacturing employment in the Northeast area has hovered around 171,000 workers for the past year and a half.

Nevertheless, total resident employment increased a seasonally adjusted 1.5 percent in the second quarter, regaining first quarter's losses.

The second quarter marked the end of a four-quarter decline in the seasonally adjusted unemployment rate. The rate rose to 10.9 percent from 10.5 percent in the first quarter. Joblessness was somewhat lower in Lackawanna County, where it stood at 9.7 percent of the labor force, and somewhat higher in Luzerne County, where it was 12.3 percent.

The increase in the jobless rate was due to the failure of the local economy to absorb the 1.9 percent increase in the seasonally adjusted civilian labor force.

Industrial electric power sales were unchanged last quarter after seasonal adjustment but were 7.7 percent above the second-quarter level in 1983.

Construction activity is picking up in the Northeast metropolitan area. The value of residential and nonresidential building awards were up from a quarter ago and from the second quarter of last year.

Lehigh Valley Area[1]

	Ave. mo. value 2 Q.'84	Average monthly index seas. adj. (1977 = 100) 2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	282.3	103.	102.	98.
Unemployed, no. of residents	27.2	129.	120.	191.
Rate, seasonally adjusted	8.7			
Civilian labor force, no. of residents	309.5	105.	103.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	255.2	99.	99.	96.
Nonmfg. only, no. of jobs	165.1	110.	110.	108.
Mfg. only, no. of jobs	90.1	83.	83.	81.
Hrs. worked by production workers in mfg., *ave. weekly*	39.2	103.	102.	99.
Industrial electric power sales				
Metropolitan area	***	103.	104.	100.
Allentown	***	102.	98.	96.
Bethlehem	***	107.	108.	103.
Easton	***	98.	101.	110.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	57.2	+ 76.	– 7.
Nonresidential contracts only	41.2	+129.	+40.

[1]Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

Northeast Area[1]

	Ave. mo. value 2 Q.'84	Average monthly index seas. adj. (1977 = 100) 2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents				
Northeast metropolitan area	260.6	105.	104.	102.
Lackawanna County[2] only	92.7	105.	104.	102.
Luzerne County[3] only	139.6	105.	104.	102.
Unemployed, no. of residents				
Northeast metropolitan area	31.2	117.	111.	132.
Rate, seasonally adjusted	10.9			
Lackawanna County[2] only	9.7	102.	99.	124.
Luzerne County[3] only	18.5	128.	115.	138.
Civilian labor force, no. of residents				
Northeast metropolitan area	291.8	106.	104.	105.
Lackawanna County[2] only	102.5	105.	103.	104.
Luzerne County[3] only	158.1	108.	105.	106.
Local industries, Northeast metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	236.2	101.	101.	100.
Nonmfg. only, no. of jobs	171.8	105.	105.	106.
Mfg. only, no. of jobs	64.3	90.	90.	86.
Hrs. worked by production workers in mfg., *ave. weekly*	37.9	106.	105.	104.
Industrial electric power sales				
Northeast metropolitan area	***	105.	105.	98.
Lackawanna County[2] only	***	103.	103.	95.
Luzerne County[3]	***	100.	101.	91.
Hazleton	***	91.	90.	85.
Wilkes-Barre	***	105.	107.	91.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	43.0	+115.	+ 55.
Nonresidential contracts only	22.9	+ 60.	+639.

[1]Lackawanna, Luzerne, and Monroe Counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton

Williamsport

The Williamsport area economy continued to recover in the second quarter. Total resident employment, sales of electric power, and the value of contract construction awards all moved upward. At the same time, however, job levels in nonfarm industries flattened out, and the unemployment rate remained in double digits.

The 1.5 percent increase in the seasonally adjusted level of total resident employment was the fifth consecutive increase in this measure and brought it to its highest level in three years.

The increase in employment was accompanied by a drop in unemployment. The seasonally adjusted unemployment rate fell to 11 percent in the second quarter from 11.6 percent in the first quarter and a high of 15.5 percent in the first and second quarters of last year.

But last quarter's employment gains in Williamsport's nonfarm industries were no more than the usual seasonal increases. The factory job level was unchanged after seasonal adjustment while the seasonally adjusted nonmanufacturing job level fell 1 percent.

The factory workweek continued to lengthen in the second quarter. The 39.7-hour average, which is relatively high for the area, will exert pressure on factory employers to increase employment for further expansion in production.

Industrial electric power sales, which rose a seasonally adjusted 5.3 percent in the second quarter from the first quarter and 13.6 percent from the second quarter of 1983, indicate significant increases in industrial output since the recession ended.

The area's residential and nonresidential construction industries had a good quarter in the April-June period. The value of awards for nonresidential buildings, which include commercial, industrial, and institutional structures, was $21.1 million in the second quarter — its highest quarterly level in the nine and a half years these figures have been compiled.

Furthermore, the value of residential building awards was almost three times the first-quarter level and was 25 percent ahead of last year's second-quarter value.

Williamsport Area[1]

	Ave. mo. value 2 Q.'84	Average monthly index seas. adj. (1977 = 100) 2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	46.8	101.	100.	96.
Unemployed, no. of residents	5.9	127.	134.	177.
Rate, seasonally adjusted	11.0			
Civilian labor force, no. of residents	52.7	104.	103.	103.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	45.3	98.	98.	94.
Nonmfg. only, no. of jobs	30.1	106.	107.	104.
Mfg. only, no. of jobs	15.2	85.	85.	78.
Hrs. worked by production workers in mfg., *ave. weekly*	39.7	102.	101.	100.
Industrial electric power sales	***	103.	98.	91.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	5.0	+ 178.	+ 25.
Nonresidential contracts only	21.1	+ +	+ +

[1]Lycoming County
+ + Percentage change over 1000%

Northwestern Quarter

Erie

The Erie metropolitan area economy resumed a recovery course last quarter after stalling in the two previous quarters.

The seasonally adjusted level of total resident employment rose 2 ` percent in the second quarter, after falling 0.5 percent in the first quarter and 0.3 percent in the fourth quarter of last year. Last quarter's increase more than recaptured the losses of the previous two quarters, bringing employment to its highest seasonally adjusted level since the first quarter of 1982.

The unemployment rate continued its steep, unimpeded decline from the seasonally adjusted high of 16.7 percent in the first quarter of 1983. Last quarter it dropped to 9.8 percent, for the first single-digit quarterly rate in two and a half years.

The level of industrial electric power sales rose a seasonally adjusted 2.6 percent last quarter after declining 0.6 percent in the first quarter. Sales remained almost 20 percent below the 1979 average.

The seasonally adjusted factory job level rose 1.4 percent last quarter, for an over-the-year increase of just under 6 percent.

Factory employment will continue to increase because production workers were putting in an average of 42.3 hours a week in the second quarter. After seasonal adjustment, the factory workweek was at its highest recorded level, exerting pressure on factory employers to increase the work force.

At the same time, the seasonally adjusted job level in the area's nonmanufacturing industries was essentially

Erie Area[1]

	Ave. mo. value 2 Q.'84	Average monthly index seas. adj. (1977 = 100) 2 Q.'84	1 Q.'84	2 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	110.5	101.	98.	95.
Unemployed, no. of residents	12.2	134.	146.	217.
Rate, seasonally adjusted	9.8			
Civilian labor force, no. of residents	122.8	103.	102.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	106.7	96.	95.	93.
Nonmfg. only, no. of jobs	70.3	103.	103.	102.
Mfg. only, no. of jobs	36.0	84.	83.	79.
Hrs. worked by production workers in mfg., *ave. weekly*	42.3	103.	101.	99.
Industrial electric power sales	***	87.	84.	78.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	13.6	+ 152.	+ 5.
Nonresidential contracts only	10.7	+ 10.	+ 70.

[1]Erie County

unchanged from the first to the second quarters, rising only 0.1 percent.

The area's construction industry picked up some momentum. The value of residential building construction awards was two and a half times the first-quarter value while nonresidential building awards rose 10 percent in value from the first quarter but were 70 percent ahead of the value in the second quarter of 1983.

Sharon

Economic activity in the Sharon metropolitan area continued to quicken last quarter, but remained at a much reduced pace from that prevailing in the area before the two recent recessions.

The number of area residents participating in the labor force rose in the second quarter. The increase, which stemmed a five-quarter decline in the seasonally adjusted level, occurred without a corresponding increase in the number of unemployed residents seeking work; the new entrants were totally absorbed into the ranks of the employed.

The seasonally adjusted level of total employment rose 2.3 percent last quarter, more than regaining the loss in the first quarter.

At the same time, the seasonally adjusted jobless rate fell to 12.3 percent from 13.5 percent in the first quarter and a high of 20.9 percent in the first quarter of 1983.

The second quarter recorded the first significant increase in employment in the area's manufacturing industries since the first quarter of 1981. The seasonally adjusted factory employment level rose by 500 workers last quarter but remained almost 35 percent below the 1979 average.

Employment in nonmanufacturing industries continued on a downward course in the second quarter. The seasonally adjusted job level fell 2 percent to its lowest level in seven years.

The seasonally adjusted level of industrial electric power sales rose 2.8 percent from the previous quarter. The increases in these sales have moderated over the past year.

Sharon Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '84	2 Q '84	1 Q '84	2 Q '83
Employment *(in thousands)*				
Employed, no. of residents	44.6	93.	90.	90.
Unemployed, no. of residents	6.3	157.	170.	261.
Rate, seasonally adjusted	12.3			
Civilian labor force, no. of residents	50.9	98.	97.	104.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	40.3	88.	88.	88.
Nonmfg. only, no. of jobs	29.2	100.	101.	101.
Mfg. only, no. of jobs	11.0	68.	65.	65.
Industrial electric power sales	***	112.	109.	106.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total 2 Q '84	Quarter Ago		Year Ago
Residential contracts only	6.6	+ 175.		- 18.
Nonresidential contracts only	9.8	+ 197.		+ 96.

[1]Mercer County

Both residential and nonresidential building industries had a good quarter, with the values of awards for these contracts almost three times the first quarter levels. The cumulative value of awards for residential building construction in the first six months was up a modest 18.4 percent while the value of nonresidential building awards was up 90 percent.

Southwestern Quarter

Altoona

The Altoona area economy was still bogged down by recession cutbacks in the second quarter of this year. The gains that took place were either small or less than the typical seasonal increases.

Altoona was the only major metropolitan area in the state that did not register a gain in the seasonally adjusted level of total resident employment; this measure fell 0.2 percent in the second quarter. Total resident employment in the area has not varied markedly since the July-September quarter of 1983.

Although the seasonally adjusted unemployment rate was down from the high of 18.3 percent in the second quarter of 1983, it rose to 12.5 percent last quarter from 12.1 percent in the first quarter. Furthermore, among Pennsylvania's 14 major metropolitan areas, only Johnstown had a higher jobless rate in the second quarter.

The job level in nonfarm industries rose less than the usual seasonal amount. The seasonally adjusted nonmanufacturing job level fell 2 percent, losing all of the gains made over the year. The factory job level fell a seasonally adjusted 1.8 percent but was 3.8 percent ahead of the level in the second quarter of 1983.

However, the following months should bring job gains

Altoona Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '84	2 Q '84	1 Q '84	2 Q '83
Employment *(in thousands)*				
Employed, no. of residents	48.8	94.	94.	91.
Unemployed, no. of residents	6.6	172.	169.	258.
Rate, seasonally adjusted	12.5			
Civilian labor force, no. of residents	55.3	99.	99.	103.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	46.5	89.	91.	88.
Nonmfg. only, no. of jobs	35.3	91.	93.	91.
Mfg. only, no. of jobs	11.4	84.	86.	81.
Hrs. worked by production workers in mfg., *ave. weekly*	40.2	105.	102.	100.
Industrial electric power sales	***	86.	85.	79.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total 2 Q '84	Quarter Ago		Year Ago
Residential contracts only	7.2	+ 177.		+ 9.
Nonresidential contracts only	1.7	- 56.		- 23.

[1]Blair County

to Altoona's factories because of the long workweeks put in by production workers in the second quarter. The average length of the factory workweek rose 1.6 hours to 40.2 hours — its highest level in the more than 13 years that these data have been collected.

The seasonally adjusted level of industrial electric power sales rose a small 0.5 percent last quarter, remaining almost 20 percent below the level prevailing in 1979.

The construction industry in Altoona remained in the doldrums. The value of contracts awarded for nonresidential buildings last quarter declined from the value in the previous quarter and from the already depressed level of a year ago. Residential building awards shot up from a quarter earlier but rose only moderately from the level a year earlier.

Johnstown

Johnstown made further progress toward economic restoration in the second quarter. But the recession bit deep into the metropolitan area's economy, and much of the road back to recovery still lies ahead.

The seasonally adjusted number of Johnstown residents participating in the labor force rose for the first quarter in a year. The new entrants were totally absorbed into the ranks of the employed.

The seasonally adjusted number of employed residents rose 1.2 percent last quarter while the number of unemployed residents was unchanged after seasonal adjustment.

The seasonally adjusted unemployment rate dropped to 14.2 percent in the second quarter from 14.4 percent in the first quarter of this year and a high of 23.3 percent in the first quarter of 1983. However, last quarter's decrease was the smallest since the rate began its steep decline.

Factory employment rose a seasonally adjusted 1.6 percent in the second quarter after falling 2.3 percent in the first quarter. The average length of the factory workweek fell to 37.5 hours last quarter, reflecting the increase in employment.

The level of jobs in nonmanufacturing industries also rose in the Johnstown area, but after seasonal adjustment a 0.5 percent decline was registered.

Sales of electricity to industrial users soared a seasonally adjusted 22.7 percent in the second quarter. The level of sales was one and a half times the level prevailing in 1979.

The value of nonresidential construction awards also shot up last quarter. The cumulative six-month total was six and a half times the value in the first quarter.

Residential building awards also remained at a healthy level although they fell back slightly from last year's second-quarter level.

Despite the gains in the economy last quarter, Johnstown continued to have the highest unemployment rate among Pennsylvania's 14 major metropolitan areas. In addition, comparing job totals to levels prevailing in 1979, the area had the greatest discrepancy. The area's

Johnstown Area[1]

	Ave. mo. value 2 Q '84	Average monthly index seas. adj. (1977 = 100) 2 Q '84	1 Q '84	2 Q '83
Employment *(in thousands)*				
Employed, no. of residents	86.4	88	87	84
Unemployed, no. of residents	14.1	135	135	227
Rate, seasonally adjusted	14.2			
Civilian labor force, no. of residents	100.5	93	92	98
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	75.2	85	85	82
Nonmfg. only, no. of jobs	62.2	93	93	91
Mfg. only, no. of jobs	12.9	60	59	56
Hrs. worked by production workers in mfg., *ave. weekly*	37.5	96	99	91
Industrial electric power sales	***	164	131	76

Construction contracts awarded *(in millions of dollars)*	Total 2 Q '84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	12.7	+ 31	– 9
Nonresidential contracts only	13.5	+ 650	+ +

[1]Cambria and Somerset Counties
+ + Percentage change over 1000%

Pittsburgh Area[1]

	Ave. mo. value 2 Q '84	Average monthly index seas. adj. (1977 = 100) 2 Q '84	1 Q '84	2 Q '83
Employment *(in thousands)*				
Employed, no. of residents	889.6	98	97	96
Unemployed, no. of residents	111.0	176	177	249
Rate, seasonally adjusted	11.1			
Civilian labor force, no. of residents	1,000.7	104	102	106
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	862.8	94	94	94
Nonmfg. only, no. of jobs	698.0	105	105	104
Mfg. only, no. of jobs	163.7	65	67	67
Hrs. worked by production workers in mfg., *ave. weekly*	41.5	102	100	97
Industrial electric power sales	***	82	79	69

Construction contracts awarded *(in millions of dollars)*	Total 2 Q '84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	124.7	+ 64	+ 12
Nonresidential contracts only	91.9	– 20	– 12

[1]Allegheny, Beaver, Washington, and Westmoreland Counties

State College Area[1]

	Ave. mo. value 2 Q '84	Average monthly index seas. adj. (1977 = 100) 2 Q '84	1 Q '84	2 Q '83
Employment *(in thousands)*				
Employed, no. of residents	48.1	116	114	109
Unemployed, no. of residents	4.0	154	155	226
Rate, seasonally adjusted	7.8			
Civilian labor force, no. of residents	52.1	118	116	116
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	47.4	116	116	112
Nonmfg. only, no. of jobs	39.4	114	115	112
Mfg. only, no. of jobs	8.0	124	121	113
Industrial electric power sales	***	107	103	93

Construction contracts awarded *(in millions of dollars)*	Total 2 Q '84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	16.0	+ 67	+ 25
Nonresidential contracts only	1.9	– 54	– 74

[1]Centre County

nonmanufacturing job level stood at less than 88 percent of its 1979 average, and the factory job level was only 63 percent of its 1979 average.

Pittsburgh

The Pittsburgh area economy remained mired down by the steel industry contraction in the second quarter. The seasonally adjusted factory job level dropped another 1.9 percent, registering a new low. Less than two-thirds of the workers employed in the area's manufacturing industries in 1979 were still employed in this sector last quarter.

Nonmanufacturing industries in the area also failed to gain more than the seasonally expected number of jobs in the second quarter. The seasonally adjusted employment level in these industries fell below 7 million in the second quarter of 1982 and has not yet been able to regain that level, first reached in 1979.

Pittsburgh was the only major metropolitan area in the state to have a total industry job level in the second quarter of this year lower than the level in the same quarter last year.

But not all indicators were gloomy. The seasonally adjusted level of total resident employment rose 1.6 percent last quarter, regaining the losses incurred in the first quarter of the year. At the same time, the seasonally adjusted unemployment rate fell for the fifth consecutive quarter. It stood at 11.1 percent in the second quarter, down from 11.4 percent in the first quarter and 15.4 percent in the second quarter of 1983.

In addition, the factory workweek lengthened for the seventh quarter in a row, better positioning the economy for employment growth. The seasonally adjusted workweek at 41.6 hours was the longest recorded in the area and will exert pressure on area employers to increase employment for further expansion in production.

Industrial electric power sales continued to rise after seasonal adjustment. However, last quarter's increase, which was the sixth consecutive quarterly rise, was moderated by a sharp decline in June.

Nonresidential construction in the area appears to be slowing: the value of awards dropped in the second quarter, and the cumulative total value in the first half was not quite 6 percent higher than the level in the same period last year. That is the smallest over-the-year rise among the state's metropolitan areas, with the exception of State College.

However, residential construction continued to advance with a 64 percent increase in the value of awards from the first to the second quarters and a 24 percent rise in the six-month total from last year.

State College

In contrast to other metropolitan areas of the state, Centre County's manufacturing sector is alive and well. The 2.6 percent increase in the seasonally adjusted factory job level last quarter brought it up to the pre-recession high of 8000 workers.

Although the number of nonmanufacturing jobs also rose, after seasonal adjustment it was down 1 percent from the previous quarter. This brought the seasonally adjusted total nonfarm industry job level in the area down a slight 0.2 percent from the all-time high in the first quarter of the year.

The number of area residents participating in the labor force rose in the second quarter. The new entrants were completely absorbed into the ranks of the employed. The seasonally adjusted level of total resident employment regained the losses incurred in the first quarter, rising 1.7 percent to match its highest level, first reached in the fourth quarter of last year.

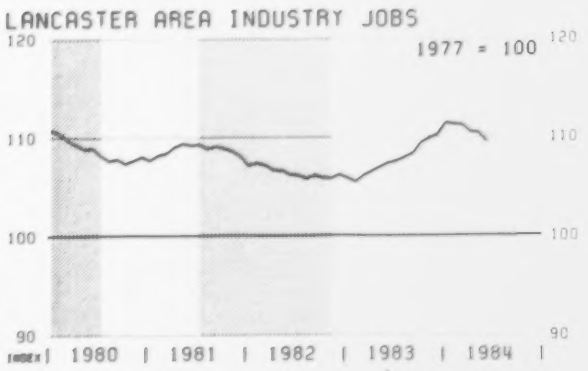
The steep decline in the number of civilian labor force participants without jobs was checked last quarter as the seasonally adjusted level remained unchanged from the first quarter. However, the unemployment rate dropped another 0.1 of a percentage point to 7.8 percent. Last quarter's rate compares to a high of 12 percent in the first quarter of last year.

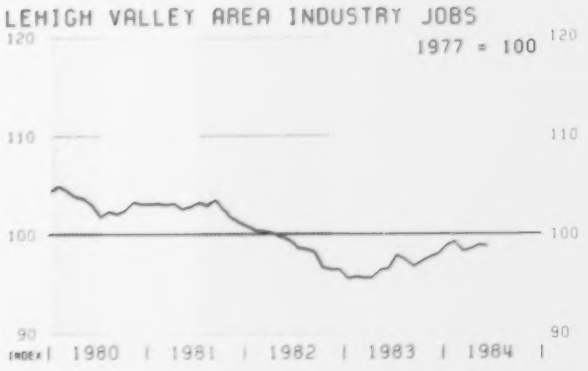
Sales of electricity to industries in the State College metropolitan area rose a seasonally adjusted 3.9 percent in the second quarter. This measure, which reflects short-run changes in industrial production, was at its highest level ever.

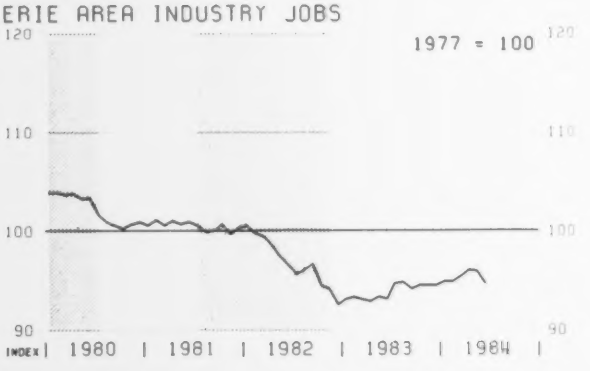
Residential building construction was still headed up. The value of housing contracts awarded last quarter was 67 percent ahead of the first-quarter level and 25 percent above the value of awards in the same quarter a year ago.

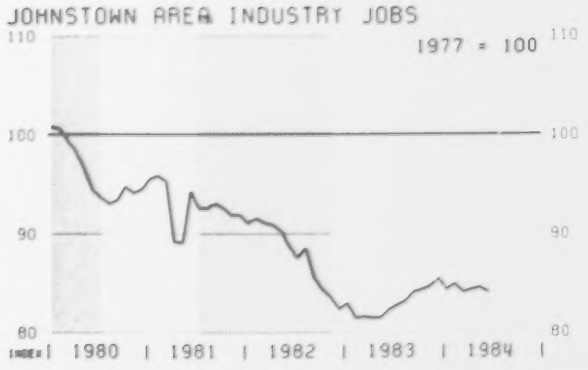
However, nonresidential building construction was on the wane, with the value of awards dropping 54 percent from the first quarter and 74 percent from the second quarter of last year. — *Norma I. Gavin*

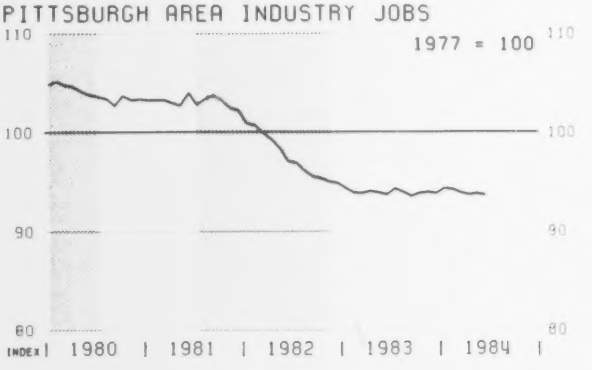
Area Graphs











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